

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7195

BILL NUMBER: HB 1562

NOTE PREPARED: Jan 29, 2009

BILL AMENDED:

SUBJECT: Medicaid Reimbursement for Sheltered Workshops.

FIRST AUTHOR: Rep. Duncan

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State

Summary of Legislation: This bill prohibits the Division of Disability and Rehabilitative Services (DDRS) from reducing the reimbursement rates and Medicaid waiver staff ratios for sheltered workshops. This bill also requires DDRS to reinstate the specified reimbursement rates and staff ratios if a reduction occurred.

Effective Date: Upon passage.

Explanation of State Expenditures: This bill may increase Medicaid expenditures if DDRS is not permitted to reduce reimbursement rates and Medicaid waiver staff ratios under the Objective Assessment System for Individuals Support (OASIS) program. The OASIS program provides a uniform funding model to determine fair and equitable levels of state support for program beneficiaries.

Changes in the OASIS program reimbursement rates took effect on January 1, 2009. DDRS reports the changes made to the reimbursement rates were designed to be budget neutral; some individuals would see their benefits decrease under the changes, and others would see their benefits increase under the program. The overall change was not designed to increase expenditures for the program.

Currently: The current annual cap on benefits as of January 1, 2009, is \$13,500 per recipient for all services, including transportation costs, unless a consumer had previously been approved to exceed this cap by DDRS. After the effective date of the changes, as individuals receive their anniversary assessment, their yearly benefit amount is to be adjusted to fit within the cap unless approval is received from DDRS. Individuals who (1) did not receive approval from DDRS to receive benefits in excess of the cap and (2) had previously received more benefits than the cap, would have had their benefits cut for 2009.

As Proposed: Under the bill, DDRS may not reduce reimbursement rates or Medicaid waiver staff ratios below the rates that went into effect on January 1, 2009. The bill states that if DDRS reduces the reimbursement rates of Medicaid waiver staff ratios after January 1, 2009, these rates and waiver staff ratios are required to be reinstated to an amount in compliance with the rates that went into effect January 1, 2009. It is unknown how many individuals this bill will affect. The bill still allows reimbursement rates to be increased under the January 1, 2009, reimbursement rates as determined by DDRS staff during reassessment.

[*Note:* DDRS is currently completing a projection detailing the fiscal impact of this bill on the OASIS program. This information shall be updated as it is provided by DDRS.]

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: DDRS.

Local Agencies Affected:

Information Sources: http://www.in.gov/fssa/files/RHS_BULLETIN_OA20081124_-_Final.pdf; Peter Bisbecos, DDRS.

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